

V I R G I N I A:

## BEFORE THE VIRGINIA GAS AND OIL BOARD

|                    |   |   |               |
|--------------------|---|---|---------------|
| APPLICANT:         | EQUITABLE RESOURCES ENERGY COMPANY,           | ) | VIRGINIA GAS  |
|                    | a West Virginia Corporation                   | ) | AND OIL BOARD |
|                    |   | ) |               |
| RELIEF SOUGHT:     | POOLING OF INTERESTS IN A 58.77-              | ) | DOCKET NO.    |
|                    | ACRE SQUARE DRILLING UNIT                     | ) | 98-0721-0674  |
|                    | DESCRIBED IN EXHIBIT A HERETO                 | ) |               |
|                    | LOCATED IN THE NORA COAL BED GAS              | ) |               |
|                    | FIELD AND SERVED BY WELL NO.                  | ) |               |
|                    | VC-3759 (herein "Subject Drilling             | ) |               |
|                    | Unit") PURSUANT TO VA. CODE ANN.              | ) |               |
|                    | § 45.1-361.21 AND 45.1-361.22,                | ) |               |
|                    | FOR THE PRODUCTION OF OCCLUDED                | ) |               |
|                    | NATURAL GAS PRODUCED FROM COALBEDS            | ) |               |
|                    | AND ROCK STRATA ASSOCIATED                    | ) |               |
|                    | THEREWITH (herein "Coalbed Methane            | ) |               |
|                    | Gas" or "Gas")                                | ) |               |
|                    |   | ) |               |
|                    |   | ) |               |
| LEGAL DESCRIPTION: |   | ) |               |
|                    |   | ) |               |
|                    | SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED | ) |               |
|                    | VC-3759 (herein "Well") TO BE DRILLED IN      | ) |               |
|                    | THE LOCATION DEPICTED ON EXHIBIT A HERETO,    | ) |               |
|                    | CLINCHFIELD COAL COMPANY TRACT T2-186         | ) |               |
|                    | ST. PAUL QUADRANGLE                           | ) |               |
|                    | KENADY MAGISTERIAL DISTRICT                   | ) |               |
|                    | DICKENSON COUNTY, VIRGINIA                    | ) |               |
|                    | (the "Subject Lands" are more                 | ) |               |
|                    | particularly described on Exhibit             | ) |               |
|                    | "A", attached hereto and made a               | ) |               |
|                    | part hereof)                                  | ) |               |

REPORT OF THE BOARDFINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on July 21, 1998, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code Ann. §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvania-aged coals from the top of the Raven, including all splits to the top of the green and red shales including, but not limited to Raven, Jawbone, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horspen, Poco No. 8, Poco No. 7, Poco No. 6, Poco No. 5, Poco No. 4, Poco No. 3, Poco No. 2, Poco No. 1, and any other unnamed coal seams, coalbeds and rock strata associated with the Nora Coalbed Gas Field (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code Ann. §§ 45.1-361.19 and 45.1-361.22, to notice of the application filed herein; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit, underlying and comprised of Subject Lands. Further, the Board has caused notice of this hearing to be published as required by Va. Code Ann. § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit B.

5. Dismissals: None.

6. Relief Requested: Applicant requests that pursuant to Va. Code Ann. § 45.1-361.22, including the applicable portions of § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those of the Applicant and of the known and unknown persons named in Exhibit B hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (3) that the Board designate Equitable Resources Energy Company as the Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) pursuant to Va. Code Ann. § 45.1-361.21.C.3, Equitable Resources Energy Company (hereafter "Unit Operator" or AOperator) is designated as the Operator authorized to drill and operate the Well in Subject Drilling Unit, subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27, et seq.; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations and to the

Nora Coal Bed Gas Field Rules established by the Oil and Gas Conservation Board's Order entered March 26, 1989; all as amended from time to time; and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including those of the Applicant and of the known and unknown persons listed on amended Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

| <u>Subject Formation</u>  | <u>Unit Size</u>                                | <u>Permitted Well Location</u>  | <u>Field and Well Classification</u> | <u>Order Number</u>  |
|---|---|---|--------------------------------------|--|
| All Pennsylvanian aged coals from the top of the Raven including all splits to the top of the Green and red shales, including, but not limited to Raven, Jawbone, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Poco No. 8, Poco No. 7, Poco No. 6, Poco No. 5, Poco No. 4, Poco No. 3, Poco No. 2, Poco No. 1, and any other unnamed coal seams, coalbeds, and rock strata, associated with the Nora Coalbed Gas Field. | Approximately 58.77-acre, square drilling unit. | Well VC-3759 to be located as depicted on Exhibit A<br>Depth: Approximately 2,895 feet. | Nora Coal Bed Gas Field              | OGCB Order for the Nora Coal Bed Gas Field entered March 26, 1989, as amended. |

For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land Served by Well No. VC-3759

Dickenson County, Virginia

8. Election and Election Period: In the event any Gas Owner or Claimant named in Exhibit B has not reached a voluntary agreement to share in the operation of the well to be located in Subject Drilling Unit at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the Unit Operator at the address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs (Multiple Completion):

\$183,300.00

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's Interest within Subject Drilling Unit as set forth in the third column Amended Exhibit B times the Estimated Completed-for-Production Costs set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the

Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in Exhibit B hereto who has not reached a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any well development covered by this Order multiplied by that person's Interest Within Unit as set forth in the third column of Exhibit B (for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the

development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which his interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event any Gas Owner or Claimant named in Exhibit B hereto has not reached a voluntary agreement with the Unit Operator and fails to elect within the time, in the manner, and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies, and shall be deemed to have leased and/or assigned his right,

interests, and claims in and to said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in Exhibit B elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated, Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in Exhibit B is unable to reach a voluntary agreement to share in the operation of the well contemplated by this Order at a rate of payment agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.

13. Unit Operator (or Operator): Equitable Resources Energy Company be and hereby is designated as Unit Operator authorized to drill and operate Well No. VC-3759 in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; Oil and Gas Conservation Board ("OGCB") Order establishing the Nora Coal Bed Gas Field Rules entered March 26, 1989; all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Resources Energy Company  
Eastern Region  
P. O. Box 1983  
1989 East Stone Drive  
Kingsport, TN 37662-1983  
Phone: (423) 224-3800  
Fax: (423) 224-3891  
Attn: Dennis R. Baker, Regulatory

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within seven hundred and thirty (730) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the two year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: The Applicant has represented to the Board that there are no conflicting claims to the Gas to be produced from Subject Drilling Unit; therefore, unless and until otherwise ordered by the Board, the provisions set forth in Paragraph 16.2 below shall not take effect and the Escrow Agent named herein shall not be required to establish an interest-bearing escrow account (herein "Escrow Account" ) in accordance with the requirements of Va. Code § 45.1-361.22.

First Virginia Bank-Mt. Empire  
Trust Department  
P. O. Box 1038  
Abingdon, VA 24210  
Telephone: (540) 628-2242  
Fax: (540) 628-2766  
Attention: Ms. Debbie Davis



16.2. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing pursuant to Va. Code § 45.1-361.21 or 45.1-361.22 cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Va. Code Ann. § 45.1-361.21.D, said sums shall be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code Ann. § 45.1-361.21.D.

16.3. Escrow Provisions for Conflicting Claimants: If any payment of bonus, royalty payment or other payment due and owing pursuant to Va. Code § 45.1-361.22 cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code Ann. §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of the recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant is a West Virginia corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims ownership of 99.10 percent of the gas estate, and 100 percent of the coal estate within the Subject Drilling Unit;
- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant has proposed the drilling of one (1) well, Well No. VC-3759 to a depth of 2,895 feet on the Subject Drilling Unit to develop the Gas in Subject Formations;

- 17.5 Set forth in Exhibit B is the name and last know address of each person identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in the Subject Drilling Unit underlying and comprised of Subject Lands, including those Gas Owners or Claimants who have not in writing, leased to the Applicant or agreed to voluntarily pool their Gas interest in Subject Drilling Unit for its development. The Gas Owners or Claimants who have not reached a voluntary agreement to share in the operation of the well represent .90 percent of the gas and oil estate and 0 percent of the coal estate in Subject Drilling Unit;
- 17.6 The estimated production over the life of the proposed well is 350 million cubic feet;
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in paragraph 9 above;
- 17.8 Well Work Permit Application Number 3847 has been issued by the Department of Mines, Minerals and Energy for Well VC-3759;
- 17.9 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the Gas from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Gas, prevent or assist in preventing the various types of waste prohibited by statute, and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

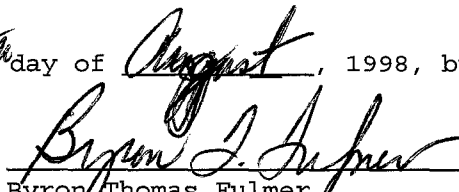
21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq.

22. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 4<sup>th</sup> day of August, 1998, by a majority of the Virginia Gas and Oil Board.


  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 10<sup>th</sup> day of August, 1998, by Order of this Board.

  
Byron Thomas Fulmer  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA       )  
COUNTY OF WISE        )

Acknowledged on this 4<sup>th</sup> day of August, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

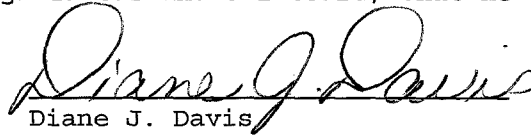
  
Susan G. Garrett  
Notary Public

My commission expires July 31, 2002

BK 337PG 696

STATE OF VIRGINIA           )  
COUNTY OF WASHINGTON       )

Acknowledged on this 10<sup>th</sup> day of August, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public

My commission expires September 30, 2001

LS #241640L / T2-185  
BROOKS, HOLBROOK ET AL TR.  
60.00 ACRES  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- coal  
#245304L  
GOLDIE PHILLIPS  
surface, oil & gas  
GAS 1.54 AC. 2.62 %

LS #241640L / T2-185  
BROOKS, HOLBROOK ET AL TR.  
60.00 ACRES  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- coal  
CARL PHILLIPS  
surface, oil & gas  
UNLEASED  
GAS 2.57 AC. 4.37 %

LS #241490L / T-62  
6.47 ACRES  
G.H. HOLBROOK  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- coal  
PINE MOUNTAIN OIL & GAS, INC.  
- oil & gas  
GAS 2.08 AC. 3.54 %

TRACT #3  
LS #241640L / T2-185  
BROOKS, HOLBROOK ET AL TR.  
60.00 ACRES  
CLINCHFIELD COAL COMPANY/  
PYXIS RESOURCES COMPANY  
- coal  
E. BERRY COMPTON, JR.  
surface, oil & gas  
UNLEASED  
GAS 0.52 AC. 0.9 %

NOTE I I I

WELL COORDINATES ARE BASED ON CLINCHFIELD  
COAL COMPANY'S MINE COORDINATE SYSTEM.

STATE PLANE WELL COORDINATES ARE CALCULATED  
FROM CLINCHFIELD COAL COMPANY COORDINATES.

PROPERTY INFORMATION PROVIDED BY EQUITABLE  
RESOURCES ENERGY COMPANY.

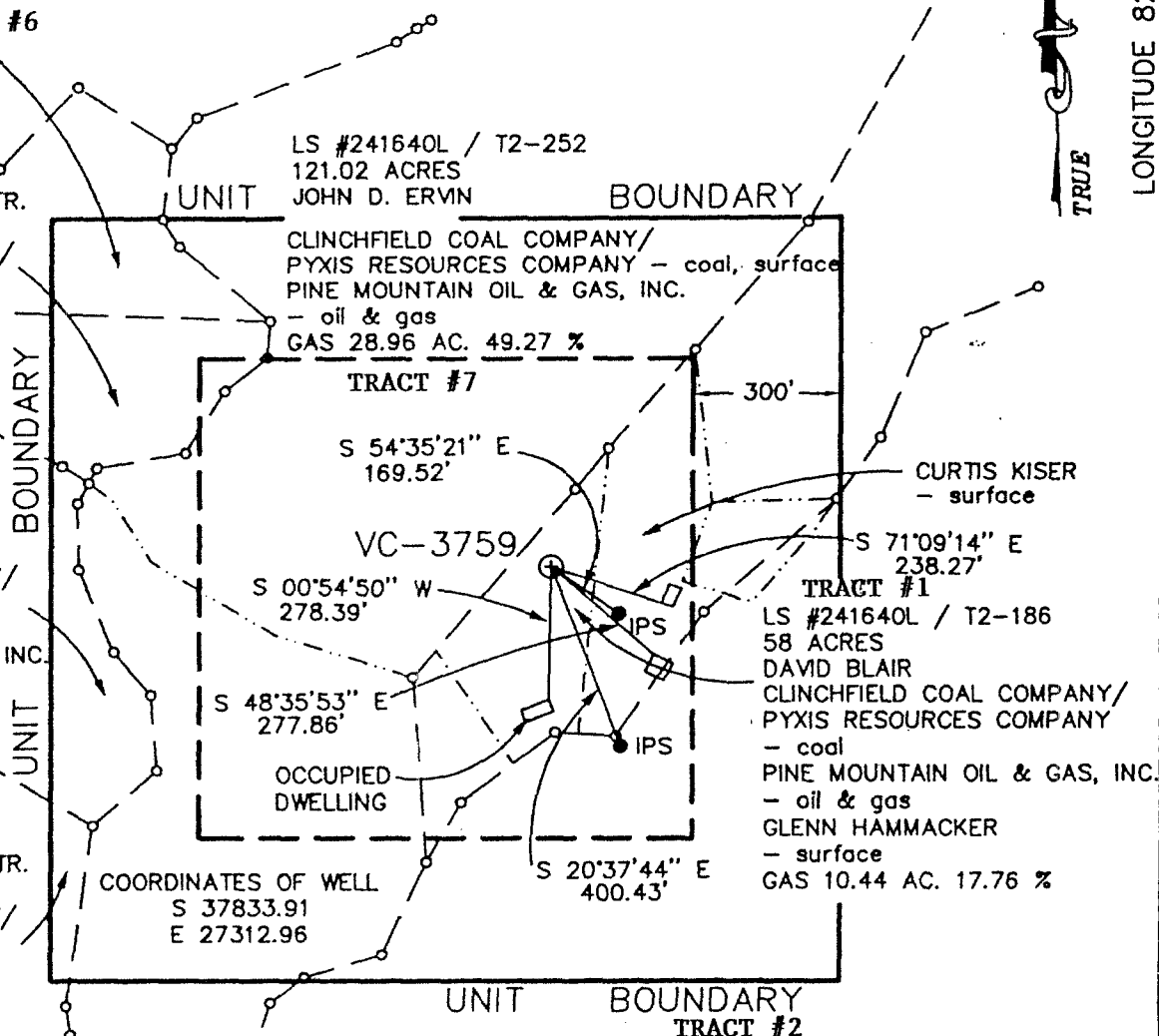
ELEVATIONS ARE BASED ON GPS SURVEY FROM BM F

BK 337PG 697

TOTAL UNIT AREA ——— DENOTES MINERAL LINE  
= 58.77 ACRES - - - - - DENOTES SURFACE LINE

LATITUDE 37°00'00"

LONGITUDE 82°15'00"



STATE PLANE COORDINATES

WELL VC-3759

N 263490.14

E 893507.06

B. LEMAN KENDRICK

No.  
8106

WELL LOCATION PLAT

COMPANY Equitable Resources Energy Co. WELL NAME AND NUMBER VC - 3759

TRACT No. LS #241640L/T2-186 ELEVATION 2729.23 (GPS) QUADRANGLE ST. PAUL

COUNTY DICKENSON DISTRICT KENADY SCALE: 1" = 400' DATE JUNE 4, 1998

THIS PLAT IS A NEW PLAT ; AN UPDATED PLAT x ; OR A FINAL LOCATION PLAT

PROPOSED TOTAL DEPTH OF WELL =

+ DENOTES THE LOCATION OF A WELL ON UNITED STATES TOPOGRAPHIC MAPS, SCALE 1 TO  
24,000, LATITUDE AND LONGITUDE LINES BEING REPRESENTED BY BORDER LINES AS SHOWN.

*B. Lemman Kendrick 6/5/98*

(AFFIX SEAL)

LICENSED PROFESSIONAL ENGINEER OR LICENSED LAND SURVEYOR

**EXHIBIT "B" BK 337PG 698**  
**VC-3759**

Revised: 7/20/98  
VGOB 98-07/21-0674

| <u>TRACT</u>            | <u>LESSOR</u>   | <u>LEASE<br/>STATUS</u>            | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|-------------------------|---|------------------------------------|-------------------------------------|--------------------------------------|
| <u>Gas Estate Only</u>  |   |                                    |                                     |                                      |
| 1                       | Pittston Company<br>c/o Pine Mountain Oil & Gas, Inc.<br>Attn: Richard Brillhart<br>P. O. Box 5100<br>Lebanon, VA 24226 | Leased-EREC<br>241640L01<br>T2-186 | 17.760000%                          | 10.4400                              |
| 2                       | Pittston Company<br>c/o Pine Mountain Oil & Gas, Inc.<br>Attn: Richard Brillhart<br>P. O. Box 5100<br>Lebanon, VA 24226 | Leased-EREC<br>241490L01<br>T-525  | 21.540000%                          | 12.6600                              |
| 3                       | E. Berry Compton, Single<br>549 Tupelo Drive<br>Melbourne, FL 32953   | Unleased                           | 0.900000%                           | 0.5200                               |
| 4                       | Pittston Company<br>c/o Pine Mountain Oil & Gas, Inc.<br>Attn: Richard Brillhart<br>P. O. Box 5100<br>Lebanon, VA 24226 | Leased-EREC<br>241490L01<br>T-62   | 3.540000%                           | 2.0800                               |
| 5                       | Carl Phillips, Single<br>Box 501<br>Saltville, VA 24370   | Leased-EREC<br>245366L             | 4.370000%                           | 2.5700                               |
| 6                       | Goldie Phillips, Widow<br>Route 1 Box 553<br>Dante, VA 24237  | Leased-EREC<br>245304L01           | 2.620000%                           | 1.5400                               |
| 7                       | Pittston Company<br>c/o Pine Mountain Oil & Gas, Inc.<br>Attn: Richard Brillhart<br>P. O. Box 5100<br>Lebanon, VA 24226 | Leased-EREC<br>241640L01<br>T2-252 | 49.270000%                          | 28.9600                              |
| <b>TOTAL GAS ESTATE</b> |   |                                    | <b>100.000000%</b>                  | <b>58.7700</b>                       |

**EXHIBIT "B" BK 337PG 699**

**VC-3759**

Revised: 7/20/98

VGOB 98-07/21-0674

| <u>TRACT</u> | <u>LESSOR</u> | <u>LEASE<br/>STATUS</u>     | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|--------------|---------------|-----------------------------|-------------------------------------|--------------------------------------|
|              |               |                             |                                     |                                      |
|              |               | Percentage of Unit Leased   | 99.100000%                          |                                      |
|              |               | Percentage of Unit Unleased | 0.900000%                           |                                      |
|              |               | Acreage in Unit Leased      |                                     | 58.2500                              |
|              |               | Acreage in Unit Unleased    |                                     | 0.5200                               |

**EXHIBIT "B"**  
**VC-3759**

BK 337PG 700

Revised: 7/20/98  
VGOB 98-07/21-0674

| <u>TRACT</u>            | <u>LESSOR</u>   | <u>LEASE<br/>STATUS</u>            | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|-------------------------|---|------------------------------------|-------------------------------------|--------------------------------------|
| <u>Coal Estate Only</u> |   |                                    |                                     |                                      |
| 1                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241640L01<br>T2-186 | 17.760000%                          | 10.4400                              |
| 2                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241490L01<br>T-525  | 21.540000%                          | 12.6600                              |
| 3                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241640L01<br>T2-185 | 0.900000%                           | 0.5200                               |
| 4                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241490L01<br>T-62   | 3.540000%                           | 2.0800                               |
| 5                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241640L01<br>T2-185 | 4.370000%                           | 2.5700                               |
| 6                       | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241640L01<br>T2-185 | 2.620000%                           | 1.5400                               |



**EXHIBIT "B"**  
**VC-3759**

BK 337PG 701

Revised: 7/20/98  
VGOB 98-07/21-0674

| <u>TRACT</u>                | <u>LESSOR</u>   | <u>LEASE<br/>STATUS</u>            | <u>INTEREST<br/>WITHIN<br/>UNIT</u> | <u>GROSS<br/>ACREAGE<br/>IN UNIT</u> |
|-----------------------------|---|------------------------------------|-------------------------------------|--------------------------------------|
| 7                           | Pittston Company<br>c/o Clinchfield Coal Company<br>Attn: Steve Smith<br>P. O. Box 7<br>Dante, VA 24237 | Leased-EREC<br>241640L01<br>T2-252 | 49.270000%                          | 28.9600                              |
| TOTAL COAL ESTATE           |   |                                    | 100.000000%                         | 58.7700                              |
| Percentage of Unit Leased   |   |                                    | 100.000000%                         |                                      |
| Percentage of Unit Unleased |   |                                    | 0.000000%                           |                                      |
| Acreage in Unit Leased      |   |                                    |                                     | 58.7700                              |
| Acreage in Unit Unleased    |   |                                    |                                     | 0.0000                               |

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, 8-11, 1998. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:22 o'clock P.M, after payment of \$        tax imposed by Sec. 58.1-802.

Original returned this date to:

Diane Davis

BY: Joe Tate

TESTE: JOE TATE, CLERK\*

D. CLERK